

September 2009 - A Medicare-Type Public Option Does Not Make Sense

A MEDICARE-TYPE PUBLIC OPTION DOES NOT MAKE SENSE

By Congressman Jerry Moran

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Earlier this week, I read in a Kansas newspaper the suggestion of a simple way to address health care reform - just expand Medicare, the nation's federal insurance program that pays for health care for seniors, to cover more people as the "public option." This idea is supported by some in Washington and, at first glance, may appear appealing to many. Certainly, this idea seems easier to understand than other proposals that are being pushed in our nation's capital and in the media. Certain Democrat leaders would like the public option to function like an expanded Medicare program. However, there are major flaws with this proposal and I do not see how this plan will protect and enhance care for Kansans.

Medicare is going bankrupt - The Medicare trust fund that pays for inpatient hospital stays is currently paying out more in benefits than it is collecting through payroll taxes. As a result, this fund is expected to go bankrupt in 2017, just eight years from now. Additionally, Medicare faces overall shortfalls of nearly \$38 trillion, nearly three times current GDP levels. Government projections also indicate that by 2040, our country's major entitlement programs - Medicare, Social Security, and Medicaid - will consume the entirety of today's budget.

Providers suffer major losses treating Medicare patients - Kansas health care providers and hospitals operate on razor-thin margins because they are drastically underpaid by Medicare. When Medicare underpays doctors and hospitals, the cost is shifted to private insurers. The average family in a private PPO health plan pays an additional \$1,788 a year to compensate for Medicare underpayments. If these rates were expanded to those who currently have private insurance, many Kansas hospitals would be forced to close their doors and access to doctors and nurses in the state would be further limited.

Current Medicare fraud is staggering - According to the FBI, Medicare and Medicaid lose an estimated \$60 billion or more annually to fraud. This amount equals 10% of all health spending in the U.S. Congress needs to address this problem in Medicare and Medicaid before creating a massive new program that would be susceptible to the same fraud.

Medicare regulations are a mess - The morass of regulations governing Medicare prevents progress and impedes doctors, nurses, and other providers from efficiently caring for patients. Medicare regulations total more than 125,000 pages, roughly five times the size of IRS regulations. This bureaucracy threatens quality of care for seniors. Bureaucrats in Washington set Medicare payment rates for providers and hospitals and these rates are so low that many doctors refuse to see Medicare patients. An expansion of this regulatory mess will lead to fewer providers and diminished health care access for Kansans.

Medicare guarantees health care for seniors. But, what good does it do to have an insurance card if there is no doctor, nurse, or hospital to provide care? Instead of expanding Medicare, Congress should address Medicare's current challenges and consider common-sense reforms to make quality coverage more affordable and more accessible for Americans. Medicare cannot pay all of its bills now and the problems will be exponentially magnified if it is expanded to include an additional 114 million Americans.

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